

REPUBLIC OF KENYA



**REPORT**

DATE: 22 FEB 2023

DAY:

TABLED  
BY:

HON. OWEN BAYA, MP

DEPUTY LEADER OF MAJORITY

**OF**

CLERK OF  
THE ASSEMBLY

CHRISTINE NDIRITU

**THE AUDITOR-GENERAL**

**ON**

**MABERA TECHNICAL AND  
VOCATIONAL COLLEGE**

**FOR THE YEAR ENDED  
30 JUNE, 2020**





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**MABERA TECHNICAL & VOCATIONAL COLLEGE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2020**

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**Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector  
Accounting Standards (IPSAS)**





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## **I. KEY ENTITY INFORMATION AND MANAGEMENT**

### **(a) Background information**

The Mabera Technical and Vocational College was incorporated/ established under the TVET Act 2013 Act on (September 2019). The entity is domiciled in Kenya and has no branches. The institute is under the Ministry of Education.

Mabera Technical & Vocational College is situated along the main highway Migori-Sirare, 200m away from Mabera town. The centre is located in Migori County, Kuria West sub-County, Kuria West constituency, Kubweye location, Mabera Sub location. The centre sits on a 2-acre piece of land and experiences high rainfall conducive for agricultural practice. The Mabera Technical and Vocational College operates within the mandate of Ministry of Education which provides the general policy and strategic direction on Kenya's higher Education. The centre currently has 49 staff of which 39 are teaching staff and 10 support staff. The Mabera Technical and Vocational College has the following departments Hospitality, Business, Electrical and Electronics, Building and Civil engineering. Mabera Technical and Vocational College is a centre of excellence for Hospitality.

### **(b) Principal Activities**

The core mandate of Mabera Technical & Vocational College is to offer training to Students in technical courses and entrepreneurship courses as per the industry needs and examined by KNEC and KASNEB.

#### **Vision**

A centre of excellence in, technical and vocational skills development to meet societal needs.

#### **Mission**

To develop qualified, self-motivated, globally competitive, innovative persons through practical oriented, training, applied research and entrepreneurial skills that are responsive to societal needs.

#### **Motto**

Technology for peace and development.

#### **Core values**

- ❖ Professionalism
- ❖ Integrity
- ❖ Innovativeness
- ❖ Team work
- ❖ Accountability and transparency

### **(c) Key Management**

Mabera Technical and Vocational College is managed by the Board of Governors, appointed by The Cabinet Secretary in charge of Education. The B.O.G. provides leadership in; policy direction and ensures that the institutes programmes and activities are in line with its mandate and set objectives. The principal is





the secretary to the Board and executes all policies in line with the institute's core mandate. The principal is assisted by one deputy who is Administration and Academics in charge of the day-to-day activities of the school, all the non-teaching staff and implementation of the curriculum. The heads of departments report to the deputy principal.

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Stalin Olwenge
2.	Deputy principal	Paul Motonu
3	Registrar (s)	Walter J.O. Ouma
4	Dean of students	Sheila Kasoa
5	Accountant	Cosmas Siangwi Nyamao

**(e) Fiduciary Oversight Arrangements**

The Board has the overall mandate of ensuring the sound management of the college. This includes; Approving policies, strategic governance, planning and reviewing policies and plans, approving budgets, quarterly and annual financial statements.

The Management team has the responsibility of ensuring that the policies approved by the Board are implemented and enhancing sound financial management for effective operations.

As at the end of financial year Mabera Technical and Vocational College have two committees that is Finance Infrastructure and ICT committee and Education Training committee activities.

The key fiduciary personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary oversight responsibility were;

Name of the Committee	Members
Finance Infrastructure and ICT Committee	1.Mrs. Stellah Kilwake-Chairperson 2.Mr. Tom Olango-Regional TVET Director 3.Mr. Stalin Olwenge-Member (Principal BOG/Secretary) 4.Mr. Gabriel Rimo Magige-Member 5.Mrs. Jane Akinyi Nyosoro-Member
Education Training Committee	1.Mrs. Mary Motongori Gikuri-Chairperson 2.Mrs. Judith Akinyi Ochieng-Member 3.Mr. Kennedy Otieno Ongeko-Member. 4.Mr. Stalin Olwenge-Member (Principal BOG/Secretary) 5.Mr. Tom Olango-Regional TVET Director



**KEY ENTITY INFORMATION AND MANAGEMENT (Continued)**

**(f) Entity Headquarters**

P.O. Box 205-40414  
Mabera Centre  
Migori-Sirare Highway  
Isebania, KENYA

**(g) Entity Contacts**

Telephone: (254) 795476528  
E-mail: maberatvc@gmail.com  
Website: www.maberatvc.ac.ke

**(h) Entity Bankers**

Kenya Commercial Bank Ltd,  
Isebania Branch,  
P.O. Box 134-40414  
Isebania, Kenya

**(i) Independent Auditors**



Auditor General  
Office of Auditor General  
Anniversary Towers, Institute Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya

**(j) Principal Legal Adviser**

The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya






## II. THE BOARD OF GOVERNORS



No.	Member/ Director	Details
1.	 <p>Mr. Joseph Boke Masiaga BoG Chairperson Bachelor of Business Administration Finance Option.</p>	<p><b>Year Of Birth:</b> 4<sup>th</sup> October 1970  <b>Appointment:</b> 10<sup>th</sup> July 2019  <b>Inauguration:</b> 24<sup>th</sup> September 2019.  <b>Qualification:</b> Bachelor of Business Administration Finance Option.  <b>Work experience:</b> Branch Manager at KCB-Isibania.  Manager Business Banking at KCB.  Personal banking at KCB.  In charge (supervisor) clearing at KCB.  Customer care at KCB.  Cashier at KCB.  Mr. Boke is the BoG chairperson and an independent member of board.</p>
2.	 <p>Mrs. Judith Akinyi Ochieng Vice chair BoG BSC Environmental Management.</p>	<p><b>Year Of Birth:</b> 15<sup>th</sup> May 1985  <b>Appointment:</b> 10<sup>th</sup> July 2019  <b>Inauguration:</b> 24 September 2019.  <b>Qualifications:</b> BSC Environmental Management.  <b>Work Experience:</b>  Environmental Impact Assessment Officer at Greenchem consultancies.  Monitoring and evaluation officer at Evidence Action.  Field officer at Africa Agricultural Technology Foundation.  Field officer at Impact Research and Development Organisation.  Mrs. Judith is an independent member of board.</p>





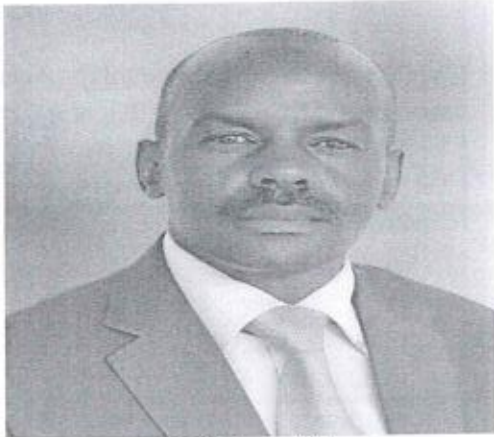

3.	 <p>Mrs. Stellah Kilwake BoG Member Bachelor of Commerce Finance Option. Certified Public Accountant (CPA)</p>	<p><b>Year Of Birth:</b> 1982  <b>Appointment:</b> 10<sup>th</sup> July 2019  <b>Inauguration:</b> 24<sup>th</sup> September 2019.  <b>Qualifications:</b> Bachelor of Commerce Finance Option.          Certified Public Accountant (CPA).          Credit Management and Debts Recovery (TCA).          Certificate in Computer Operations.  <b>Work Experience:</b>          Finance officer at Kenya Institute of Risk Management.          Part time lecturer in accounting at Défense Forces Pay and Clerical Training School.          Mrs. Stellah chairs the Finance Infrastructure and ICT committee and she an independent member.</p>
4.	 <p>Mr. Gabriel Rimo Magige BoG Member Bachelor degree in Architectural studies</p>	<p><b>Year Of Birth:</b> 16<sup>th</sup> May 1986  <b>Appointment:</b> 10<sup>th</sup> July 2019  <b>Inauguration:</b> 24<sup>th</sup> September 2019  <b>Qualifications:</b> Bachelor degree in Architectural studies.  <b>Work Experience:</b>          An architect for several design projects at Romanic Architects.          Assistant architect at Achera and Partners Architects.          Graduate architect at ABODE Design.          Research Assistant at WAAKI Associates.          Mr Rimo is an independent member of board.</p>
5.	 <p>Mrs. Jane Akinyi Nyasoro BoG Member Bachelor of Business Information and Technology (BBIT).</p>	<p><b>Year Of Birth:</b> April 1992  <b>Appointment:</b> 10 July 2019  <b>Inauguration:</b> 24<sup>th</sup> September 2019.  <b>Qualifications:</b> Bachelor of Business Information and Technology (BBIT).          Certificate in Cisco Certified Network Associate.  <b>Work Experience:</b>          Information Technology (IT) officer at Plan International Kenya.          Sponsorship Data Clerk at Plan International Kenya.          Research Assistant at Plan International.          Mrs. Jane is independent member.</p>



6.	 <p>Dr. Kennedy Otieno Ongeko BoG Member Doctor of Philosophy in Disaster Management and Sustainable Development.</p>	<p><b>Year Of Birth:</b> 1970  <b>Appointment:</b> 10<sup>th</sup> July 2019  <b>Inauguration:</b> 24<sup>th</sup> September 2019  <b>Qualifications:</b>          Doctor of Philosophy in Disaster Management and Sustainable Development.          Master of Education in Guidance and Counselling.          Bachelors of Education in Economic and Geography.  <b>Work Experience:</b>          Director liaison and inter-governmental Relations/Civic Education and Public participation at Homa-Bay County government.          County Transition Coordinator at Transition Authority.          Program director at Ananda Marga Universal Relief Team.          NPI Advisor Prevention and Youth Empowerment at NuPITA.          Dr. Kennedy is an independent member of board</p>
7.	 <p>Mrs. Mary Motongori Gikuuri BoG Member Master in Education Management.</p>	<p><b>Year Of Birth:</b> 1955  <b>Appointment:</b> 10<sup>th</sup> July 2019  <b>Inauguration:</b> 24 September 2019.  <b>Qualifications:</b> Master in Education Management.  <b>Work Experience:</b>          Chairperson Examination Board at Public Service Commission.          Acting vice chairperson at Public Service Commission.          Member at Public Service Commission          Director at Father Angelo          Principal at Nyaroha Girls High School.          Patron at Kuria Disability Network.          Deputy head teacher at Moi Nyabohanse High School.          Assistant teacher at Ndururumo High School.          Mrs. Mary chairs the Education Training committee activities and she is an independent member of board.</p>








8.	 <p>Mr. Tom Olango County Director TVET Master of Education in Curriculum and PHD Candidate</p>	<p><b>Year of Birth: 1970</b>  <b>Qualification and Experience:</b>  A Deputy Director of Technical Education currently serving as a Regional Director of Technical and Vocational Education and Training (TVET) in charge of Kisii, Nyamira, Migori and Homa Bay Counties. He is a long serving public servant with twenty-six years of experience. He was initially employed as a Graduate Teacher of Mathematics by the Teachers Service Commission and later joined the Ministry of Education as an Education officer in 1999 where he has served to date. He was born in 1970 and is a holder of Master of Education in Curriculum Studies from Nairobi University and currently concluding a PhD on the same at Kenyatta University. He has been engaged in several international assignments and is currently the Ministry's Focal Point Person for Skills Initiative for Africa Project by AUDA NEPAD.  Mr Olango is an independent member of board.</p>
9.	 <p>Mr. Evans Omondi Secretary to the Council/ Board Masters in Development Studies</p>	<p><b>Year Of Birth: 1964</b>  <b>Qualifications:</b> MDS (Masters in Development Studies) BA, Dip Ed, Cert. in SNE (HI opt), ICDL (end user), Cert. in counselling.  <b>Work Experience:</b> Makasembo Sec. Sch. Section Head Humanities, Sikri Technical and vocational college for the Blind and Deaf Deputy principal, currently Principal Mabera Technical and Vocational College.  Mr Stalin is secretary of board and independent member of board.</p>







### III. MANAGEMENT TEAM

No.	Member/ Director	Details
1.	 Evens Omondi Principal/BOG Secretary Masters in Development Studies	<p>Mr. Evans Omondi is in charge of day to day running of the Institute. He is the Chief Executive Officer who reports to all stakeholders. He is also the mandatory signatory to all the Institutes bank accounts and Secretary to Board of Governor.</p>
2.	 Paul Motonu Deputy principal Bachelor of Education	<p>Mr. Paul Motonu deputizes the principal and he is in charge of disciplinary issues concerning students. Ensures academic time tables are made in time. Also ensures that the lessons that appear on the timetable are adequately taught.</p>
3.	 Walter J.O. Ouma Ag. Registrar Bachelor of Science (Eco-tourism, Hotel and Institution Management with IT)	<p>Mr. Walter J.O. Ouma ensures that term programmes, students who apply for courses in the institute meet the relevant requirements for admission. He is also in charge of marketing of institute courses to ensure increase in enrolment.</p>



4.	 <p>Sheila Kasoa Ag. Dean of Students Bachelor of Education Arts</p>	<p>Mrs. Sheila Kasoa is the Dean of Students who is in charge of student affairs i.e. process boarding issues accommodation and disciplinary.</p>
5.	 <p>Cosmas Siangwi Accountant CPA</p>	<p>Mr Siangwi is in charge of institution finances, preparing financial reports and give financial advisory to the institution.</p>

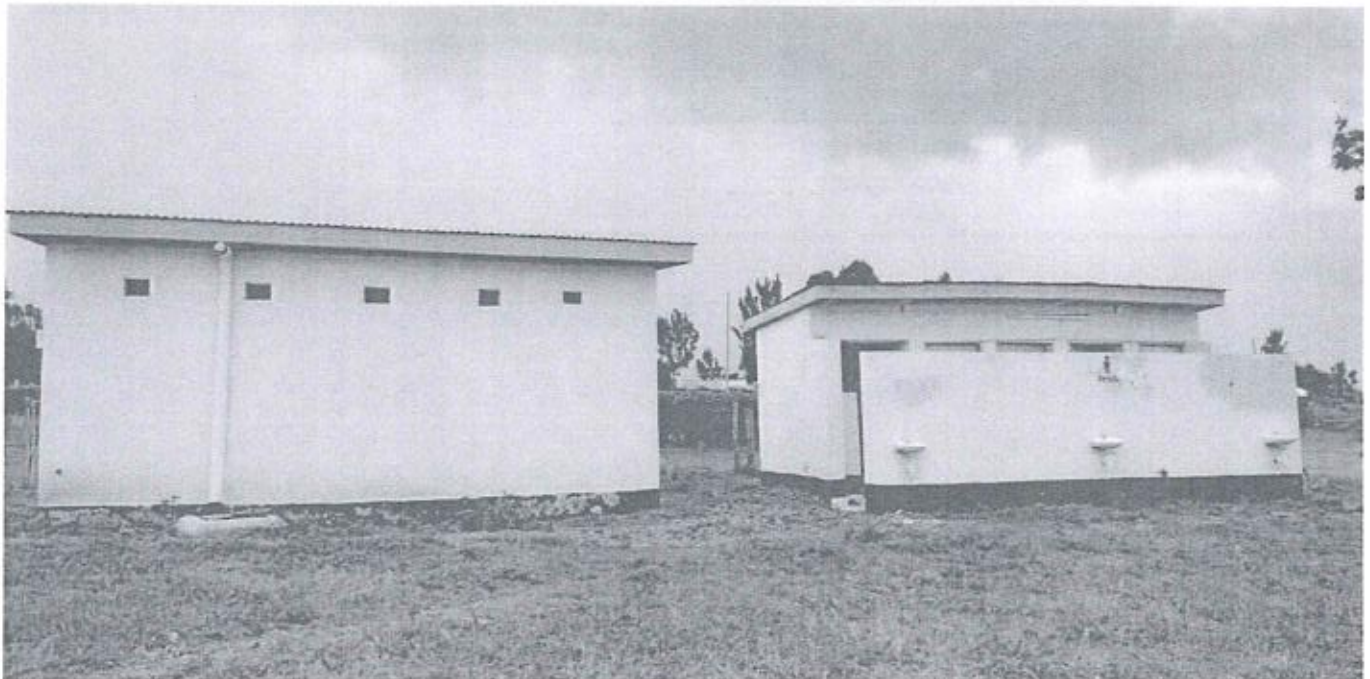


#### IV. CHAIRMAN'S STATEMENT

On behalf of Mabera Technical and Vocational College, I'm pleased to present the Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2020. These statements are prepared in conformity with the International Public Sector Accounting Standards (IPSAS) and International Accounting Standards (IASs).

Further, the statements incorporate the requirements of Article 81 of the public finance management Act, 2012 and the National treasury guidelines with regards to adoption of IPSAS.

Despite the significant successes over the period, the college continued to face challenges including insufficient funding, inadequate infrastructure, staff and COVID-19 pandemic. Despite all this Mabera Technical and Vocational College managed to do some projects. To improve its financial position, the college has embarked on implementing various austerity measures to monitor and rationalize its financial expenditures and jumpstarting its income generating unit.

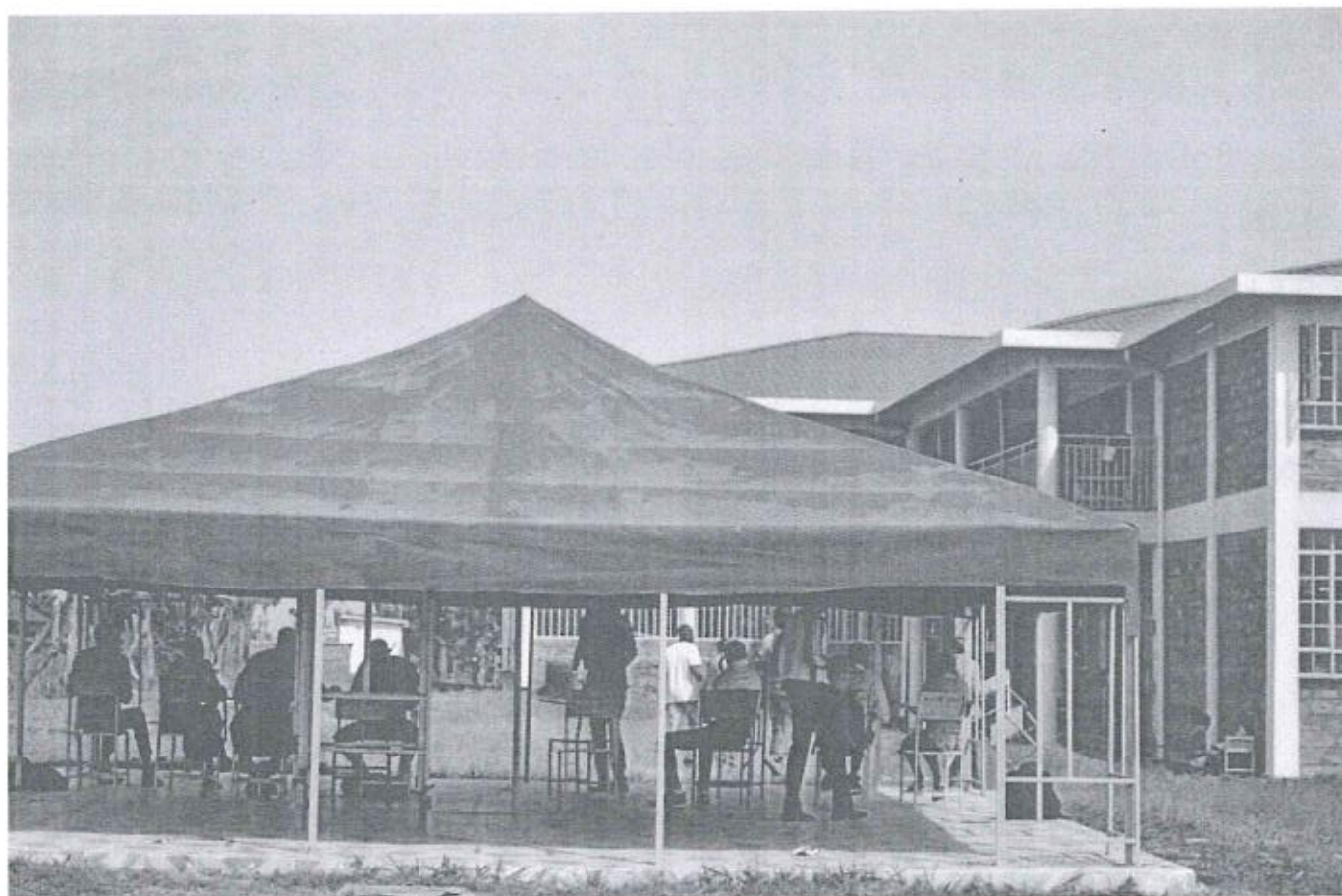


Two blocks of washrooms for both male and female





Modern school gate.



Class session is on a temporary make-shift.



Mabera Technical and Vocational College is committed to its mission and strategic thrust of offering quality education within an environment of prudent financial management.

There are plans to develop the College strategic plan in view of the existing economic realities and the new developments within the College. This will enable prioritization of projects and activities that are central to growth of the college and the attainment of vision 2030 and the Big Four agenda.

This being our first year since the establishment, we are confident and satisfied that with continued prudent management of resources and an increase in government projects and grants. In engaging other partners (CDF and County Government) the college will develop into one of the modern technical training institutes in the region.

I wish to thank the government for its financial support so far. Finally, I also wish to thank the Board of Governors, Trainers and Staff at Mabera Technical and Vocational College, NG-CDF Kuria, parents, guardians and students for their continued support and dedication, even as we together strive to achieve greater heights of excellence.

.....  
**MR. JOSEPH BOKE MASIAGA – BOARD CHAIRPERSON  
ON BEHALF OF BOARD OF GOVERNORS**





## V. REPORT OF THE PRINCIPAL

It is my great pleasure to present to you the annual report and financial statements of Mabera Technical and Vocational College for the year ended 30<sup>th</sup> June 2020 as required by the Public Finance Management Act, 2012.

Mabera Technical and Vocational College performance during the year under review is impressive despite being its maiden year since inception. The government capitation still remains as the institute's main source of income.

The college has continued with its core business of disseminating knowledge through, training and innovation. The current student population is 437 and is expected to increase to over 700 by the end of this year.

### **Development partners projects**

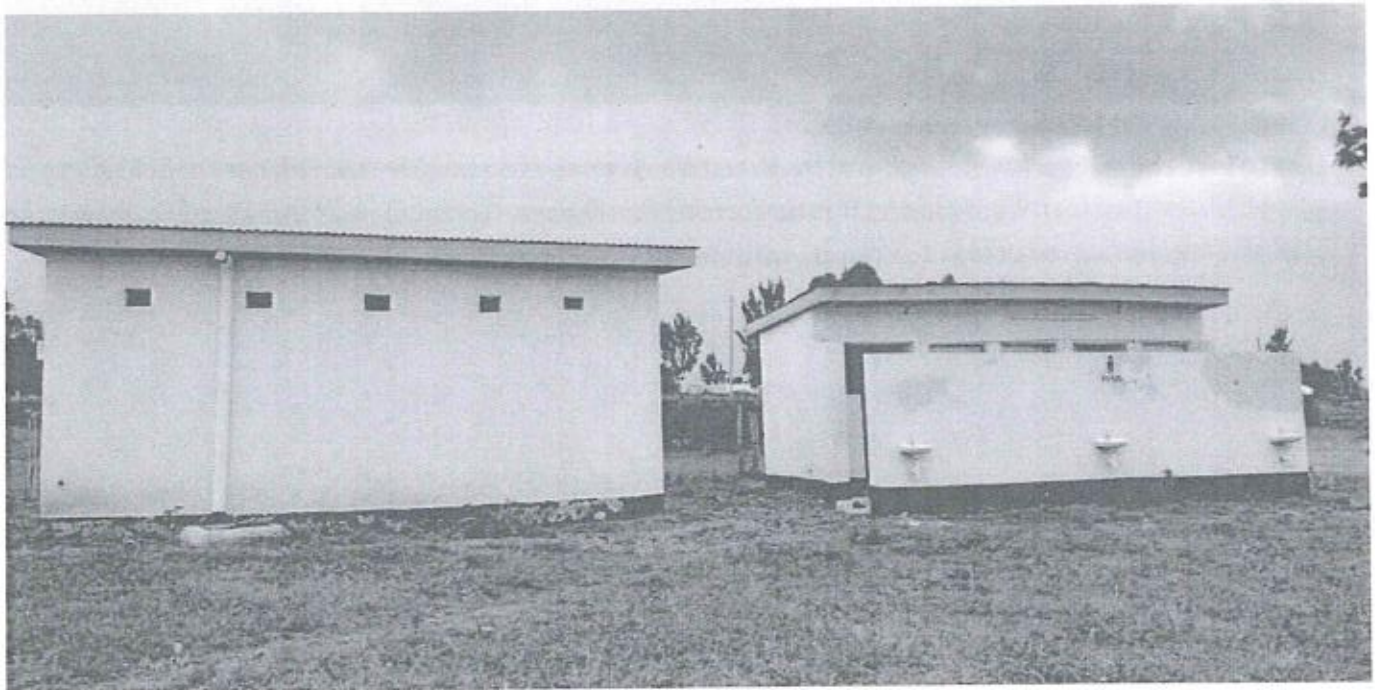
Currently there is no on-going development project.

### **Income.**

MTVC received Ksh 2,205,400 from the Government through Mawego TTI as recurrent income. The College managed to collect Kshs. 8,195,060 from A-I-A, also the college received ksh.3, 000,000 from Kuria West Ng-cdf for sinking and construction of borehole.

### **Expenses**

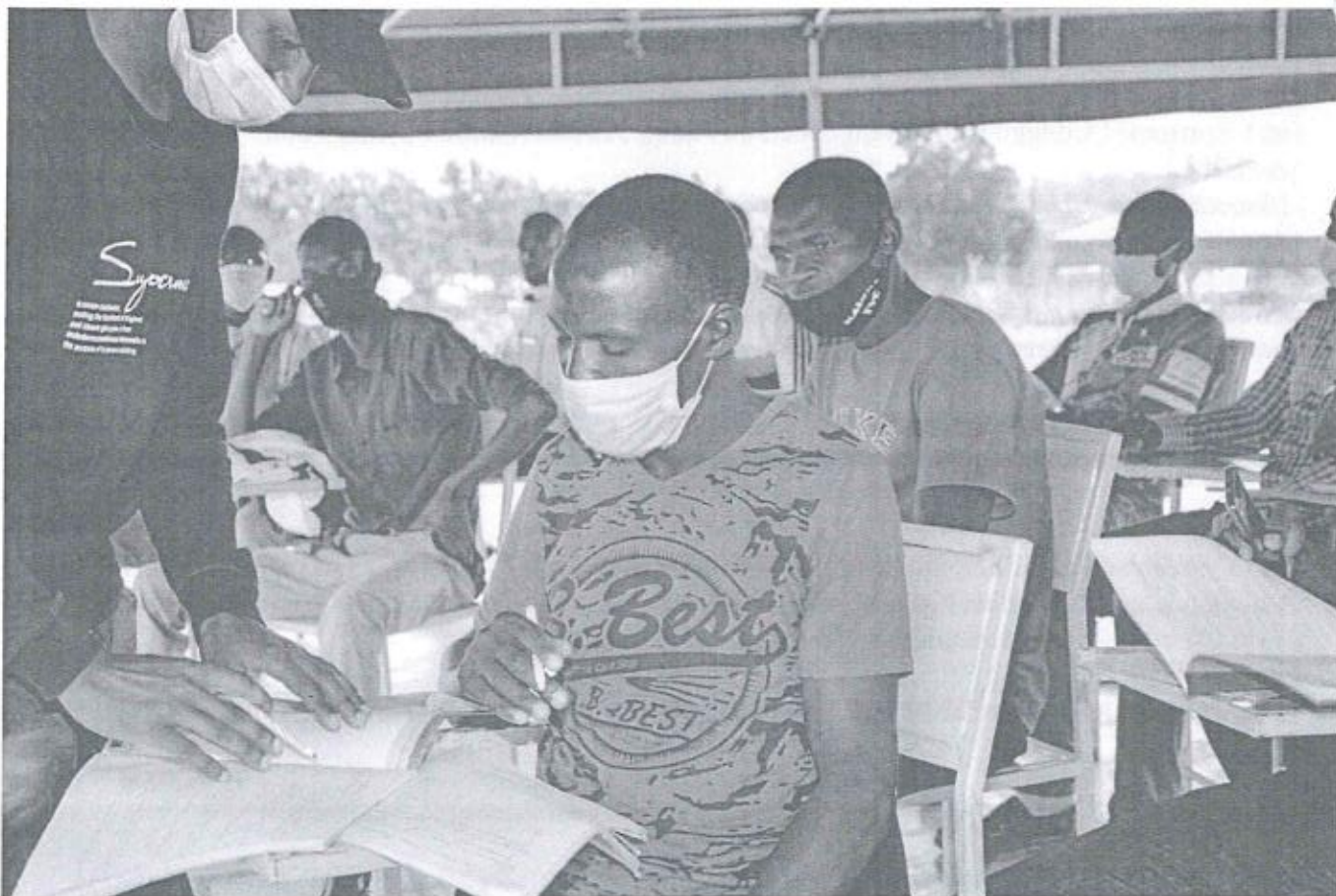
The technical has incurred Kshs 5,828,344 in recurrent expenses for the financial year 2019/2020.



### **Two blocks of washrooms for both male and female students**

When Mabera Technical and Vocational College open its door to students in the year 2019 the saw it was wise to build more washrooms to accommodate number of students that was increasing.





**Class session at temporary make-shift.**

Due to inadequate learning space and the directives given by the ministry that learner should sit 1 to 1.5m space during the learning sessions this has forced the Mabera Technical and Vocational College to erect temporary learning structures to comply with the ministry directives.



#### **Morden gate**

Due to the equipment's and learning materials that Mabera Technical and Vocational College had acquired and for the security reasons the Mabera Technical and Vocational College saw it was wise to have a more enhanced gate unlike the one it had before which was a temporary structure.

#### **Staff Members**

Staff population stood at 27 at the close of financial year 2019/2020 and is expected to rise for both academic and administrative in the next financial year.

Gender Distribution; Male 17 and Female 10

#### **Conclusion**

On behalf of Mabera Technical and Vocational College management and staff, I wish to take this opportunity to thank the Government, our Development partners and all Stakeholders for their continued support.

Finally, I would like to express my sincere gratitude for constituting the College Board of Governors to help provide policy and strategic guidance, the entire college staff and students who have worked tirelessly to ensure smooth running of the institute.

Thank you.

  
.....  
Evance Omondi  
**PRINCIPAL/ C.E.O**



## **VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES**

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

Mabera Technical and Vocational College did not have strategic pillars /issues/ themes and objectives in the FY 2019/2020 as they did not have Strategic Plan for the FY 2019- FY 2020. So, there were no strategic pillars.





## CORPORATE GOVERNANCE STATEMENT

### Introduction

Mabera Technical and Vocational College is governed by Board of Governors and as per the TVET Act 2013. Which gives the Board of Governors all the necessary powers for the proper performance of its functions under the act and in particular, without prejudice to the generality of the forgoing, the board of governors shall have powers to:

- Manage, supervise, and administer the assets of the Institute in such a manner as best promotes the purpose for which the institute is established.
- Receive any grants, donations or endowments on behalf of the institution and make legitimate disbursements.
- Approval of the budgets, making policies and opening of bank accounts for the funds of the Institute.

### Governance Principles.

It is our view that *governance* is not just a matter for the Board; a good governance culture must be percolated through the institute system. The current socio-economic, business and political environment in which the Institution operates, underscore the need for continued high standards of corporate governance and accountability.

The emerging realities unmasked with the promulgation and implementation of the new Constitution, an enlarged space for expression and a more enlightened clientele, calls for diligence in governance.

Mabera Technical and Vocational College is committed to good corporate governance, which promotes the long-term interests of the Government of Kenya and any other stakeholder, strengthens Board and management accountability and helps build public trust in the College.

The Board is appointed by the Government of Kenya through the Cabinet Secretary, Ministry of Education, science and technology to oversee their interest in the long-term health and the overall success of the business and its financial strength in order to discharge its mandate in training. The Board serves as the ultimate decision-making body of the college, except for those matters reserved to or shared with the Government of Kenya. The Board selects and oversees the members of senior management, who are charged by the Board with conducting the business of the college in line with the Technical, Vocational, Education & Training Act of 2013 and the constitution of the Republic of Kenya.

The Board has established Corporate Governance Guidelines which provide a framework for the effective governance of the college. The guidelines address matters such as the Governing Board's Vision and mission, overall strategy, members' responsibilities, Board committee structure, recommendation of the Chief Executive Officer, Over-sighting the performance and evaluation of management. The Board regularly reviews developments in corporate governance and updates the Corporate Governance Guidelines and other governance materials as it deems necessary and appropriate.

The College's corporate governance materials, including the Corporate Governance Guidelines, the College's legal order, the terms and reference for each Board committee, the Institute's Codes of Business Conduct, information about how to report concerns about the college and the college's public policy engagement and technological contributions policy.

### Size and composition of the Board.

The board consists of nine (9) board members and the Principal as their Secretary who poses extensive experience in a variety of disciplines all of which are applied in the overall management of the institute. The board has the right balance of skills and experience appropriate for the requirements of the Institute, all members participate in the decision making and the board operated effectively during the year and



continues to do so. (The board has two Organs, Executive with six members and Full Board with all the nine.)

#### **Board meetings.**

The technical board meeting was as follows, executive meets zero (0) times and full board three (3) times and Special Meetings took place (0) zero in the just ended financial year. Members receive adequate notice and board papers in advance to enable them review and prepare for the meeting.

The following table shows the number of Board meeting held during the financial year plus the attendance of individual Board members.

#### **Financial year Board meetings**

		Executive Board	Full Board	Special/Emergency
	Board Members	Meetings	Meetings	Meetings
1.	Mr. Joseph Boke Masiaga	0	3	0
2.	Mrs. Judith Akinyi Ochieng	0	3	0
3.	Mrs. Stellah Kilwake	0	3	0
4.	Mr. Gabriel Rimo Magige	0	3	0
5.	Mrs. Mary Motongori	0	2	0
6.	Ms. Jane Akinyi Nyasoro	0	3	0
7.	Dr. Kennedy Otieno	0	3	0
8.	Mr. Tom Olango	0	3	0
9.	Mr. Evans Omondi	0	3	0





## VII. MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Performance Review

In the financial year 2018/19, Mabera Technical and Vocational College started the financial year with no cash balance and received Ksh 2,205,400 from the Government through Mawego TTI as recurrent income (capitation). The college received ksh 4,595,000. The College received ksh.3000,000 from Kuria West Ng-cdf for sinking borehole. This enabled the College to achieve several milestones including enhancement in infrastructural development, academic activities and refurbishment of its facilities. The expansion of infrastructure will allow admission of more students into the college which supports the government goal of expanding access to education.

Since it was its year of inception there was no project planned. COVID-19 disrupted most the learning time makes it hard for the operations.

Mabera Technical and Vocational College at the end of the financial year there was no outstanding statutory as Mabera Technical and Vocational College complied with statutory requirements.

### Challenges

Mabera Technical and Vocational College has suffered its share of the effects of the global Covid -19 Pandemic. Term I 2020 have to end early while the Opening of Term II 2020 was only for few months and for few students. Due to effects of COVID-19 in the economy of the country that led to massive job losses this meant that parents did not have enough income pay fees for their sons and daughters for the current term. To this extent we closed the financial year with a higher rate of outstanding fees balances notwithstanding the general unfavourable economic situation prevailing due to Covid -19.

Complying with Ministry of Health Covid – 19 Protocols continue to limit the Institute realize its full potential in terms of revenue collection and coursing delays or postponement of projects implementation process.

### Opportunities and risks facing Mabera Technical and Vocational College

Opportunities	Threats
Potential for collaboration & Linkages	Competition from other TVCS
High demand for technical skills	Rapid Technological changes
Centralized placement of new students by KUCCPS	Rapid changes of policy
Positive perception of TVET by the Public	Rigid KICD Curriculum
Demand for short term courses	High cost of training in practical skills
Access to student loans & bursaries from H.E.L.B, county & NGCDF	Unpredictable job market
Government support	Formal employment culture in the society
Enabling legal & policy framework	Unfavourable economic changes
	cybercrime
	HIV/ AIDS drugs and substance abuse





## **VIII. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

In pursuit of its commitment to environmental sustainability, the college in 2019/2020 has been in the forefront to lead at all levels, local, national, regional and international community in demand driven environmental technology development, best practices and innovations. The college undertook the following activities:

Planting over 500 trees within the college and participated at the International Day of Forests and World Environment Day.

### **Sustainability strategy and profile**

Despite being new institution with limited resources Mabera Technical and Vocational College has achieved a lot and at the same time has face a lot of challenges as most new institution normally face. COVID-19 has been the biggest challenge the Mabera Technical and Vocational College has been facing among others such as inflation, inadequate political goodwill, inadequate TVET policies, and inadequate infrastructure. Despite all this challenges Mabera Technical and Vocational College has been marking itself to get more students thus having more students Mabera Technical and Vocational College will receive more capitation funds from government its operations, also Mabera Technical and Vocational College has started income generating activities to supplement its income.

Mabera Technical and Vocational College has increase number of course it offers to diversify opportunities to those who are seeking various training, Mabera Technical and Vocational College has also been participating and involving the community in its activities and also Mabera Technical and Vocational College has been coo-prorating with other institutions with similar cadre.

### **Environmental performance**

Our research, teaching and activities are guided by our commitment to environmental sustainability. Mabera Technical and Vocational College partner with different stakeholders to protect the environment by planting trees, using environmentally friendly equipment's, materials and has a composite place for throwing wastes.

### **Employee welfare**

Mabera Technical and Vocational College has developed its human resource police which is in-line with Kenyan labour laws act 2017. Mabera Technical and Vocational College always follows the laws and procedures whenever they are hiring/recruiting their employees. This is normally done through competitive shortlisting and interview and the best candidate is selected after considering level of competency, education gender, marginalised groups and regional balance. Mabera Technical and Vocational College often take its employees for training to improve their skills, appraisal is normally done and best employees being rewarded. Mabera Technical and Vocational College has put adequate safety and health measures to protect its employees from hazards.

### **Market place practices-**

Mabera Technical and Vocational College has been marketing itself by adhering to advertisement rules and regulations according to advertisement laws of the country. Mabera Technical and Vocational College has been ensuring that when it's advertising itself it involves some government agencies such as chiefs and assistant-chief to announce at barazas about Mabera Technical and Vocational College and courses it offers. Mabera Technical and Vocational College has also employed qualified procumbent officer who advises the institution on the procurement laws, how to get the best prices for institution and maintaining good relationship with suppliers. Mabera Technical and Vocational College has been ensuring that all of their adverts are within the law. Mabera Technical and Vocational College has ensured that its goods and services meet the standard and are safe for consumption.



### **Corporate Social Responsibility / Community Engagements**

MTVC Corporate Social Responsibility (CSR) programs reflect the College commitment to operate in an environmentally sustainable and socially responsible manner. The programs support the College strategic vision and reassures that its activities are carried out ethically, sustainably and for the public good. The College aim to make a significant contribution to the communities and society through research, education and a wide range of activities undertaken by staff, students and alumni.

In the FY 2019/20, the following Corporate Social Responsibilities were undertaken:

#### **8.1 Health Care**

The College enrolled all staff to NHIF medical Scheme

Mabera Technical and Vocational College strategy for social responsibility includes a commitment to pursue change across the following priority areas:

##### **Research with impact**

Our research is making a positive difference to society, addressing the major challenges of the 21st century.

##### **Socially responsible graduates**

Through establishing and strengthening existing collaborations and linkages, our graduates are learning to exercise ethical, social and environmental responsibility.

##### **Engaging our communities**

Our events and activities are harnessing our knowledge, resources and visitor attractions for the benefit of our communities. Examples of events & activities include Sports day, Open day and National day events.

##### **Responsible processes**

Our processes are balancing efficiency with opportunities to create social and environmental benefit.

##### **Environmental sustainability**

Our research, teaching and activities are guided by our commitment to environmental sustainability.

We also have a number of Technological areas for our research, teaching, community engagement and processes, allowing us to focus and measure our efforts in making a difference to society.





## IX. REPORT OF THE BOARD OF GOVERNORS

The Council/Board members submit their report together with the audited financial statements for the year ended 30 June 2020 which show the state of the *Mabera Technical and Vocational College* affairs.

### Principal activities

The principal activities of the college are as stated,

The Core business of the Institute as provided by the TVET Act 2013 section 26 (1) (a) and (d) includes;

- Promotion of Skills Training in (TVET) through, Research, Science, Technology and Innovation incommensurate with Industry and Community demands.
- Promotion of Gender balance and equality of opportunity among students and employees.
- Promotion of Equalization for persons with disability, minorities and other marginalized groups.

### Results

The results of the entity for the year ended 30<sup>th</sup> June 2020 are set out on page 1 to 5

## BOARD OF GOVERNORS

The members of the Board who served during the year are shown on page v to viii. During the year 2019-2020 none of board member retired/ resigned.

### Auditors

The Auditor General is responsible for the statutory audit of Mabera Technical and Vocational College in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. Office of Auditor General staff were nominated by the Auditor General to carry out the audit of the Mabera Technical and Vocational College for the year/period ended 30 June 2020 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

For :Evans Omondi  
Principal/BOG Secretary  
Mabera Technical and Vocational College

Date: 15 September 2022





## **X. STATEMENT OF BOARD OF GOVERNORS MEMBERS' RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 require the council members to prepare financial statements in respect of that entity, which give a true and fair view of the state of affairs of the entity at the end of the financial year/period and the operating results of the entity for that year/period. The council members are also required to ensure that the entity keeps proper accounting records which disclose with reasonable accuracy the financial position of the entity. The council members are also responsible for safeguarding the assets of the *entity*.

The council members are responsible for the preparation and presentation of Mabera Technical and Vocational College financial statements, which give a true and fair view of the state of affairs of Mabera Technical and Vocational College for and as at the end of the financial year (period) ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of Mabera Technical and Vocational College; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The council members accept responsibility for Mabera Technical and Vocational College financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (*section 29 of schedule 2 of the Technical and Vocational Education and Training Act 2013*). The council members are of the opinion that Mabera Technical and Vocational College financial statements give a true and fair view of the state of Mabera Technical and Vocational transactions during the financial year ended 30 June 2020, and of Mabera Technical and Vocational College financial position as at that date. The council members further confirm the completeness of the accounting records maintained for Mabera Technical and Vocational College which have been relied upon in the preparation of Mabera Technical and Vocational College financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the council members to indicate that Mabera Technical and Vocational College will not remain a going concern for at least the next twelve months from the date of this statement.

MABERA TECHNICAL AND VOCATIONAL COLLEGE  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2020



**Approval of the financial statements**

The *Mabera Technical and Vocational College* financial statements were approved by the Board on 24<sup>th</sup> Sept 2021 and signed on its behalf by:

Name: Joseph Boke Masiaga

For : Evans Omondi

Signature.....

Chairperson of the Board

Signature .....

Accounting Officer/Principal



# REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



**HEADQUARTERS**  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON MABERA TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2020**

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### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Mabera Technical and Vocational College set out on pages 1 to 37, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of cash flows, statement of changes in net assets and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Mabera Technical and Vocational College as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

#### **Basis for Qualified Opinion**

##### **1. Unsupported Student Debtors**

The statement of financial position reflects current receivables from exchange transactions balance of Kshs.14,379,971 which, as disclosed in Note 19 to the financial statements, includes student debtors balance of Kshs.12,624,971. However, the balance was not supported with debtors' schedules or ageing analysis. It was, therefore, not possible to establish for how long the debts have been outstanding. Further, the College did not have a debt management policy.

In the circumstances, the accuracy, completeness and recoverability of the student debtors' balance of Kshs.12,624,971 could not be confirmed.

##### **2. Unsupported Property, Plant and Equipment**

The statement of financial position as disclosed in Note 20(a) to the financial statements reflects property, plant and equipment balance of Kshs.53,842,296. However, the balance



was not supported with fixed asset register. Further, the balance includes Kshs.2,700,000 and Kshs.448,191 in respect of borehole and fence respectively which was not supported with valuation report, payment certificates or purchase invoices. In addition, the value of two (2) hectares of land on which the College is situated was not incorporated into the property, plant and equipment as at year end.

In the circumstances, the accuracy, completeness, and security of the property, plant and equipment balance of Kshs.53,842,296 could not be confirmed.

### **3. Unsupported Trade and Other Payables from Exchange Transactions**

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.1,594,774. However, the creditors' ageing analysis, and schedules were not provided for audit.

In the circumstances, the accuracy and completeness of the trade and other payables balance of Kshs.1,594,774 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Mabera Technical and Vocational College Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the procedures performed, except for the matter described in the Report on Lawfulness and Effectiveness in the Use of Public Resources, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **Lack of Approved Budget**

During the year under review, the College did not have an approved budget. This is contrary to Section 22(1) and (2) of the Second Schedule of the Technical and Vocational Education and Training Act, 2013, which provides that, a Board of Governors of a public institution shall prepare annual estimates of revenue and expenditure for the institution under its charge, in such form and at such times as the Cabinet Secretary may prescribe



and it may incur expenditure for the purpose of the institution in accordance with estimates approved by the Cabinet Secretary, and any approved expenditure under any head of the estimates may not be exceeded without the prior written approval of the Cabinet Secretary.

In the circumstances, Management was in breach of the law, and the regularity of the actual expenditure of Kshs.11,946,798 incurred during the year under review could not be confirmed.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

#### **1. Lack of an Internal Audit and Audit Committee**

Review of the overall internal control environment of the College revealed that, during the year under review, the College did not have an Internal Audit function and Audit Committee. This was in contravention of Section 73(1)(a) of the Public Finance Management Act, 2012.

Similarly, the College did not have an audit committee in place as required by Regulation 174(1) of the Public Finance Management (National Government) Regulations, 2015.

In the circumstances, the effectiveness of the College's internal controls systems and oversight could not be confirmed.

#### **2. Lack of Human Resource Department**

During the year under review, the College did not have a Human Resource function or department, contrary to Section 27(2)(b) of the Technical and Vocational Education and Training Act, 2013, which requires governance and management structures of all training institutions to decentralize decision-making authority about human resource issues.

Further, the College did not have an approved human resource policy manual that defines terms and conditions of employment and promotions of casuals and permanent employees among other issues. In addition, the College did not have an approved staff establishment to guide on the optimal staff levels required to achieve its objectives.

In the circumstances, the College may face challenges in determining its optimal staffing levels while recruiting new staff if the available positions are not identified and defined in the organizational structure.

### **3. Lack of Risk Management Policy**

During the year under review, the College did not have an approved risk management policy to provide a framework for the management of risk and creating risk awareness in the institution. This is contrary to Regulation 165 of the Public Finance Management (National Government) Regulations, 2015 which stipulates that an Accounting Officer shall ensure that the National Government entity develops risk management strategies, which includes fraud prevention mechanisms and system of risk management and internal controls that build robust business operations.

In the circumstances, it was not possible to confirm the effectiveness of the College's risk management systems.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit so as to obtain assurance as to whether processes and systems of internal control, risk management and overall governance was maintained in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and Board of Governors**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the College's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the College or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are



in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Governors is responsible for overseeing the College's financial reporting process, reviewing the effectiveness of how the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the College to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the College to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.



I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

07 October, 2022







## XII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2019-2020	2018-2019
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfer from the National Government	6	12,637,500	0
Transfers from mentor institute	7	2,205,400	0
Public contributions and donations	8	3,000,000	0
		<b>17,842,900</b>	<b>0</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Fees from students	9	7,953,600	0
Sale of goods	10	400	0
Other income	11	211,000	0
<b>Revenue from exchange transactions</b>		<b>8,165,000</b>	<b>0</b>
<b>Total revenue</b>		<b>26,007,900</b>	<b>0</b>
<b>Expenses</b>			
Use of goods and services	12	4,838,983	0
Employee costs	13	322,900	0
Remuneration of board members	14	485,595	0
Depreciation and amortization expense	15	6,120,638	0
Repairs and maintenance	16	178,680	0
<b>Total expenses</b>		<b>11,946,796</b>	<b>0</b>
<b>Other gains/(losses)</b>		<b>-</b>	
<b>Net Surplus for the year</b>		<b>14,061,104</b>	<b>0</b>

The notes set out on pages 20 to 35 form an integral part of the Annual Financial Statements.



### XIII. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Notes	2019-2020	2018-2019
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	17	2,476,101	0
Current portion of receivables from exchange transactions	19	14,379,971	0
		<b>16,856,072</b>	<b>0</b>
<b>Non-current assets</b>			
Property, plant and equipment	20a	53,842,296	0
Intangible assets	20c	450,000	0
		<b>54,292,296</b>	<b>0</b>
<b>Total assets</b>		<b>71,148,368</b>	<b>0</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	21	1,594,774	0
Refundable deposits from customers	22	310,600	0
<b>Total Current liabilities</b>		<b>1,905,374</b>	<b>0</b>
<b>Non-current liabilities</b>		-	-
<b>Total liabilities</b>		<b>1,905,374</b>	<b>0</b>
<b>Net assets</b>			<b>0</b>
Retained earning		14,061,104	0
Capital Fund		55,181,890	0
<b>Total net assets and liabilities</b>		<b>71,148,368</b>	<b>0</b>

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Institute Board of Governors by:

Joseph Boke Masiaga

Liech Domnic

Evans Omondi

Chairman of Board of Governors

Finance Officer  
ICPAK No 26736

Principal

Date: 15/9/2022

Date: 15/9/2022

Date: 15/9/2022





**XIV. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2020**

	Reserve	Fair value adjustment reserve	Retained earnings	Capital/ Development	Total
<b>At 1 July 2018</b>	0	0	0	0	0
Revaluation gain	0	0	0	0	0
Fair value adjustment on quoted investments	0	0	0	0	0
Total comprehensive income	0	0	0	0	0
Capital/Development grants received during the year	0	0	0	0	0
Transfer of depreciation/amortisation from capital fund to retained earnings	0	0	0	0	0
<b>At 30 June 2019</b>	0	0	0	0	0
<b>At 1 July 2019</b>	0	0	0	0	0
Reserve	0	0	0	0	0
Fair value adjustment on quoted investments	0	0	0	0	0
Total comprehensive income	0	0	14,061,104	0	14,061,104
Capital/Development grants received during the year	0	0	0	55,181,890	55,181,890
Transfer of depreciation/amortisation from capital fund to retained earnings	0	0	0	0	0
<b>At 30 June 2020</b>	0	0	14,061,104	55,181,890	69,242,994



MABERA TECHNICAL AND VOCATIONAL COLLEGE  
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**XV. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2019-2020 Kshs	2018-2019 Kshs
Cash flows from operating activities			
Cash Flow from Operating Activities			
Profit for the Year		14,061,104	0
Adjustments:			
Depreciation	15	6,120,638	0
Cash Flow from Operating Activities Before Adjustments		20,181,742	0
<b>Working Capital Changes</b>			
Decrease/(Increase) in receivables	19	(14,379,971)	0
Increase/(Decrease) in Payables		1,905,374	0
Total working capital changes		(12,474,597)	0
Net cash flows from operating activities		7,707,145	0
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		(5,231,044)	0
Proceeds from sale of property, plant and equipment		0	0
Decrease in non-current receivables		0	0
Increase in investments		0	0
Net cash flows used in investing activities		(5,231,044)	0
<b>Cash flows from financing activities</b>			
Capital Reserve increase		-	0
Repayment of borrowings		-	0
Increase in deposits		-	0
Net cash flows used in financing activities		0	0
<b>Net increase/(decrease) in cash and cash equivalents</b>		2,476,101	0
Cash and cash equivalents at 1 JULY 2020		0	0
<b>Cash and cash equivalents at 30 JUNE 2020</b>	17	2,476,101	0





**CVI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilisation Difference
	2019-2020 Kshs	2019-2020 Kshs	2019-2020 Kshs	2019-2020 Kshs	2019-2020 Kshs	2020-2021 %
<b>Revenue</b>						
Transfers from other Govt entities Govt grants	0	0	0	12,637,500	(12,637,500)	0%
Transfer from mentor institute	0	0	0	2,205,400	(2,205,400)	
Public contributions and donations	0	0	0	3,000,000	(3,000,000)	0%
Rendering of services- Fees from students	0	0	0	7,953,600	(7,953,600)	0%
Sale of goods	0	0	0	400	(400)	0%
Finance Income	0	0	0	0.00	0	0%
Other Income	0	0	0	211,000	(211,000)	0%
Gains on disposal, rental income and agency fees	0	0	0	0	0	0%
<b>Total income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>26,007,900</b>	<b>(26,007,900)</b>	<b>0%</b>
<b>Expenses</b>						
Compensation of employees	0	0	0	322,900	(322,900)	0%
Use of Goods and services	0	0	0	4,838,983	(4,838,983)	0%
Repair and Maintenance	0	0	0	178,680	(178,680)	0%
Remuneration of directors	0	0	0	485,595	(485,595)	0%
Depreciation and Amortization	0	0	0	6,120,638	(6,120,638)	0%
<b>Total expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,946,796</b>	<b>(11,946,796)</b>	<b>0%</b>
<b>Surplus for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,061,104</b>	<b>14,061,104</b>	<b>0%</b>

**Budget notes**

*1. Mabera Technical and Vocational College did not have budget for comparison since it was its inception year so all the expenditure were supported by BOG minutes.*



## **XVII. NOTES TO THE FINANCIAL STATEMENTS**

### **1. GENERAL INFORMATION**

Mabera Technical and Vocational College entity is established by and derives its authority and accountability from TVET Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. Mabera Technical and Vocational College principal activity is training.

### **2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying Mabera Technical and Vocational College accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Mabera Technical and Vocational College*

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.





## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 3. ADOPTION OF NEW AND REVISED STANDARDS

- i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2020.

Standard	Impact
Other Improvements to IPSAS	<p><b>Applicable: 1<sup>st</sup> January 2021:</b></p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p> <p><i>This amendment has enabled Mabera Technical and Vocational College to recognise all the income in the year they were delivered and not when cash is received.</i></p>



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020.**

Standard	Effective date and impact:
<b>IPSAS 41:</b> Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2023:</b> The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>•Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>•Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>•Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<b>IPSAS 42:</b> Social Benefits	<p><b>Applicable: 1<sup>st</sup> January 2023</b> The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</li> </ul>
<b>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</b>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> <li>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</li> </ul>

**iii. Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2021.





#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **a) Revenue recognition**

##### **i) Revenue from non-exchange transactions**

###### **Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

##### **ii) Revenue from exchange transactions**

###### **Rendering of services**

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

###### **Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

###### **Interest income**

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

###### **Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the entity's right to receive payments is established.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### a) Revenue recognition (Continued)

##### ii) Revenue from exchange transactions (continued)

##### Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

#### b) Budget information

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section *one* of these financial statements.

#### c) Taxes

##### *Current income tax*

The entity is exempt from paying taxes as per schedule *first* of the *income* Act.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### c) Taxes (continued)

##### *Sales tax/ Value Added Tax*

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

#### d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of xxx years.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

#### e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.





Subsequent costs are included in the asset's carrying amount or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Organisation and the cost can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income account during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation are credited to a revaluation surplus reserve account. Decreases that offset previous increases of the same asset are charged against the revaluation surplus; all other decreases are charged to the Statement of Comprehensive Income account. Each year the difference between depreciation charged based on the revalue carrying amount of the asset (the depreciation charged to the Statement of Comprehensive Income account) and depreciation based on the asset's original cost is transferred from the revaluation surplus to retained earnings.

**i) Depreciation**

Depreciation on assets is calculated using reducing balance method to write down their cost or revalue amounts to their residual values over their estimated useful lives using the following rates:

Building	10%
Borehole	10%
Furniture & fittings	10%
Fence	10%
Equipment& Tools	10%
Computer software	25%
Computers	25%

**ii) Impairment**

Assets are periodically reviewed for impairment. Where the carrying amount of an asset is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount.

**iii) Gain/loss on disposals**

Gains and losses on disposals of assets are determined by reference to their carrying amount and are taken into account in determining the surplus (deficit) for the year.



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**f) Leases**

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**g) Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite

**h) Research and development costs**

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for





impairment annually with any impairment losses recognized immediately in surplus or deficit.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### i) Financial instruments

##### *Financial assets*

##### *Initial recognition and measurement*

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

##### *Held-to-maturity*

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

##### *Impairment of financial assets*

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:





#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### i) financial instruments (Continued)

###### *Financial assets (Continued)*

###### *Impairment of financial assets (Continued)*

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

###### *Financial liabilities*

###### *Initial recognition and measurement*

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

###### *Loans and borrowing*

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

##### i) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### i) Inventories (Continued)

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

#### j) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

#### *Contingent liabilities*

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

#### *Contingent assets*

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.





## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **k) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements.

#### **l) Changes in accounting policies and estimates**

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

#### **m) Employee benefits**

##### **Retirement benefit plans**

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

#### **n) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

#### **o) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.





## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **p) Related parties**

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO/principal and senior managers.

#### **q) Service concession arrangements**

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

#### **r) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

#### **s) Comparative figures**

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

#### **t) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30<sup>th</sup> June, 2020.



## **5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

### **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

### **Useful lives and residual values**

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

### **Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material. (This financial year MTVC did not provide for the provisions)



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**6. (a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES**

Description	2019-2020	2018-2019
	Kshs	Kshs
<b>Unconditional grants</b>		
Capitation grants	12,637,500	-
Operational grant	-	-
Other grants	-	-
<b>Conditional grants</b>		
Library grant	-	-
Hostels grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
Learning facilities grant	-	-
Other organizational grants	-	-
<b>Total government grants and subsidies</b>	<b>12,637,500</b>	<b>-</b>

**7 TRANSFERS FROM OTHER LEVELS OF GOVERNMENT**

Description	2019-2020	2018-2019
	Kshs	Kshs
Transfer from mentor institute	2,205,400	-
<b>Total Transfers</b>	<b>2,205,400</b>	<b>-</b>

**8 PUBLIC CONTRIBUTIONS AND DONATIONS**

Description	2019-2020	2018-2019
	Kshs	Kshs
Public donations	-	-
Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from alumni	-	-
Other donations	3,000,000	-
<b>Total donations and sponsorships</b>	<b>3,000,000</b>	<b>-</b>

(Donation from Kuria West Ng-CDF (sinking of borehole))





## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 9 RENDERING OF SERVICES

Description	2019-2020	2018-2019
	Kshs	Kshs
Tuition fees	2,904,460	-
Activity fees	352,260	-
Industrial attachment fees	642,000	-
Examination fees	729,920	-
Personal Emoluments	901,240	-
E, W & C	509,120	-
L, T & T	490,400	-
R, M & I	256,800	-
Practical fee	907,000	-
Development fee	12,000	-
Boarding fee	60,000	-
Student Council	188,400	-
<b>Total revenue from the rendering of services</b>	<b>7,953,600</b>	<b>-</b>

### 10 SALE OF GOODS

Description	2019-2020	2018-2019
	Kshs	Kshs
<b>Sale of goods</b>		
Sale of food	400	-
Sale of farm produce	-	-
Cafeteria	-	-
Other (include in line with your organisation)	-	-
<b>Total revenue from the sale of goods</b>	<b>400</b>	<b>0</b>

(The sale of food was practical food that students usually prepare during practical and sales to staff and fellow students at subsidise price)

### 11 OTHER INCOME

Description	2019-2020	2018-2019
	Kshs	Kshs
Insurance recoveries	-	-
Application fee	152,000	-
Income from sale of tender	44,000	-
Graduation fees	-	-
Miscellaneous (supplementary paper fee)	15,000	-
<b>Total other income</b>	<b>211,000</b>	<b>0</b>



## 12 USE OF GOODS AND SERVICES

Description	2019-2020	2018-2019
	Kshs	Kshs
School Equipment and Stores	-	-
Industrial attachment costs	-	-
Electricity, Water & Conservancy	77,237	-
Administrative Costs	3,110,240	-
Security	90,000	-
Contingency	195,760	-
Library books	64,356	-
Sports equipment and Sporting Activities	45,500	-
Examination fees	-	-
Sports	360,220	-
Local Transport and Travelling	895,670	-
Insurance	-	-
<b>Total good and services</b>	<b>4,838,983</b>	<b>0</b>

## 13 EMPLOYEE COSTS

	2019-2020	2018-2019
	Kshs	Kshs
Salaries and wages	322,900	-
Employee related costs - contributions to pensions and medical aids	-	-
Travel, motor car, accommodation, subsistence and other allowances	-	-
Housing benefits and allowances	-	-
Overtime payments	-	-
Performance and other bonuses	-	-
Social contributions	-	-
<b>Employee costs</b>	<b>322,900</b>	<b>-</b>

## 14 REMUNERATION OF DIRECTORS

Description	2019-2020	2018-2019
	Kshs	Kshs
Chairman's Honoraria	65,000	-
BOG' emoluments	420,595	-
Other allowances	-	-
<b>Total director emoluments</b>	<b>485,595</b>	<b>-</b>



**15 DEPRECIATION AND AMORTIZATION EXPENSE**

Description	2019-2020	2018-2019
	Kshs	Kshs
Property, plant and equipment	5,970,638	-
Intangible assets	150,000	-
Investment property carried at cost	-	-
<b>Total depreciation and amortization</b>	<b>6,120,638</b>	<b>-</b>

**16 REPAIRS AND MAINTENANCE**

Description	2019-2020	2018-2019
	Kshs	Kshs
Property	144,410	-
Equipment and machinery	5,800	-
Borehole	-	-
Furniture and fittings	-	-
Computers and accessories	3,500	-
General repairs	24,970	-
<b>Total repairs and maintenance</b>	<b>178,680</b>	<b>-</b>

**17 CASH AND CASH EQUIVALENTS**

Description	2019-2020	2018-2019
	Kshs	Kshs
Current account	2,476,101	-
On - call deposits	-	-
Fixed deposits account	-	-
Staff car loan/ mortgage	-	-
Others(specify)	-	-
<b>Total cash and cash equivalents</b>	<b>2,476,101</b>	<b>-</b>





**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**18 (a). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS**

Financial institution	Account number	2019-2020 Kshs	2018-2019 Kshs
<b>a) Current account</b>			
Kenya Commercial bank No 1		2,453,747	-
Kenya Commercial bank No 2		16,915	-
<b>Sub- total</b>		<b>2,470,662</b>	<b>-</b>
<b>b) On - call deposits</b>			
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
<b>Sub- total</b>		<b>-</b>	<b>-</b>
<b>c) Fixed deposits account</b>			
Kenya Commercial bank		-	-
Bank B		-	-
<b>Sub- total</b>		<b>-</b>	<b>-</b>
<b>d) Staff car loan/ mortgage</b>			
Kenya Commercial bank		-	-
Bank B		-	-
<b>Sub- total</b>		<b>-</b>	<b>-</b>
<b>e) Others(specify)</b>			
Cash in transit		-	-
cash in hand		5,439	-
Mobile Money account		-	-
<b>Sub- total</b>		<b>5,439</b>	<b>-</b>
<b>Grand total</b>		<b>2,476,101</b>	<b>-</b>

**19 RECEIVABLES FROM EXCHANGE TRANSACTIONS**

**19(a) Current Receivables from Exchange Transactions**

Description	2019-2020 Kshs	2018-2019 Kshs
<b>Current receivables</b>		
Student debtors	12,624,971	-
Rent debtors	-	-
Consultancy debtors	-	-
Other exchange debtors	1,755,000	-
Less: impairment allowance	-	-
<b>Total current receivables</b>	<b>14,379,971</b>	<b>-</b>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 20 Property and equipment

All categories of property, plant and equipment are recorded at cost.

Subsequent costs are included in the asset's carrying amount or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Organisation and the cost can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income account during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation are credited to a revaluation surplus reserve account. Decreases that offset previous increases of the same asset are charged against the revaluation surplus; all other decreases are charged to the Statement of Comprehensive Income account. Each year the difference between depreciation charged based on the revalued carrying amount of the asset (the depreciation charged to the Statement of Comprehensive Income account) and depreciation based on the asset's original cost is transferred from the revaluation surplus to retained earnings.

#### i) Depreciation

Depreciation on assets is calculated using reducing balance method to write down their cost or revalue amounts to their residual values over their estimated useful lives using the following rates:

Building	10%
Borehole	10%
Furniture & fittings	10%
Fence	10%
Equipment & Tools	10%
Computer software	25%
Computers	25%

#### ii) Impairment

Assets are periodically reviewed for impairment. Where the carrying amount of an asset is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount.

#### iii) Gain/loss on disposals

Gains and losses on disposals of assets are determined by reference to their carrying amount and are taken into account in determining the surplus (deficit) for the year.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

20 (a). PROPERTY, PLANT AND EQUIPMENT

	Buildings	Learning Materials	Office Equipment	Furniture and fittings	Computers	Borehole	Fence	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July 2018	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
At 30th June 2019	-	-	-	-	-	-	-	-
Additions	392,780	261,504	-	873,460	103,300	3,000,000	-	4,631,044
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments	54,683,900	-	-	-	-	-	497,990	55,181,890
At 30th June 2020	55,076,680	261,504	-	873,460	103,300	3,000,000	497,990	59,812,934
Depreciation and impairment								
At 1 July 2018	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
At 30th June 2019	-	-	-	-	-	-	-	-
At 1st July 2019	-	-	-	-	-	-	-	-
Depreciation	(5,507,668)	-	-	(87,346)	(25,825)	(300,000)	(49,799)	(5,970,638)
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-
At 30th June 2020	(5,507,668)	-	-	(87,346)	(25,825)	(300,000)	(49,799)	(5,970,638)
Net book values								
At 30th June 2019	-	-	-	-	-	-	-	-



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At 30 <sup>th</sup> June 2020	49,569,012	261,504	-	786,114	77,475	2,700,000	448,191	53,842,296
<i>[Include brief description of WIP as a footer]</i>								

Transfer /adjustments of Kshs.55,181,890 consist of assets taken over from the mentor institution.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Valuation

MTVC has not yet valued its land and building since its inception in the year 2019.

### 20 (b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	-	-	-
Learning Materials	261,504	-	261,504
Buildings	55,076,680	5,507,668	49,569,012
Borehole	3,000,000	300,000	2,700,000
Computers and related equipment	103,300	25,825	77,475
Office equipment, furniture, and fittings	873,460	87,346	786,114
Fence	497,990	49,799	448,191
<b>Total</b>	<b>59,812,934</b>	<b>(5,970,638)</b>	<b>53,842,296</b>

### 20 (c.) INTANGIBLE ASSETS-SOFTWARE

Description	2019-2020 Kshs	2018-2019 Kshs
<b>Cost</b>		
At beginning of the year	-	-
Additions	600,000	-
At end of the year	600,000	-
Additions-internal development	-	-
At end of the year	600,000	-
<b>Amortization and impairment</b>		
At beginning of the year	-	-
Amortization	150,000	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
<b>NBV</b>	<b>450,000</b>	<b>-</b>



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**21. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**

Description	2019-2020	2018-2019
	Kshs	Kshs
Trade payables	1,594,774	-
Fees paid in advance	-	-
Employee advances	-	-
Third-party payments	-	-
Other payables	-	-
<b>Total trade and other payables</b>	<b>1,594,774</b>	<b>-</b>

**22. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS**

Description	2019-2020	2018-2019
	Kshs	Kshs
Consumer deposits	-	-
Caution money	310,600	-
Other refundable deposits	-	-
<b>Total deposits</b>	<b>310,600</b>	<b>-</b>

**23. CASH GENERATED FROM OPERATIONS**

	2019-2020	2018-2019
	KShs	KShs
<b>Surplus for the year before tax</b>		
<b>Adjusted for:</b>		
Surplus/Deficit for the year	14,061,104	-
Depreciation	6,120,638	-
Non-cash grants received	-	-
Contributed assets	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Finance income	-	-
Finance cost	-	-
<b>Working Capital adjustments</b>		
Increase in inventory	-	-
Increase in receivables	(14,379,971)	-
Increase in deferred income	-	-
Increase in payables	1,905,374	-
Increase in payments received in advance	-	-
<b>Net cash flow from operating activities</b>	<b>7,707,145</b>	<b>-</b>





## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 24. FINANCIAL RISK MANAGEMENT

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The entity's financial risk management objectives and policies are detailed below:

#### (i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June 2019</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2020</b>				
Receivables from exchange transactions	14,379,971	14,379,971	-	-
Receivables from non exchange transactions	-	-	-	-
Bank balances	2,470,662	2,470,662	-	-
<b>Total</b>	<b>16,850,633</b>	<b>16,850,633</b>	-	-



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 25. FINANCIAL RISK MANAGEMENT (Continued)

#### (i) Credit risk (continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

#### (ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2019</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2020</b>				
Trade payables	10,000	512,175	1,072,599	1,594,774
Current portion of borrowings	-	-	-	-
Refundable Deposit from customer	-	-	310,600	310,600
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	<b>10,000</b>	<b>512,175</b>	<b>1,383,199</b>	<b>1,905,374</b>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 26. FINANCIAL RISK MANAGEMENT (Continued)

#### (iii) Market risk

The entity has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

#### a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.





## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 27. FINANCIAL RISK MANAGEMENT (Continued)

#### (iii) Market risk (Continued)

##### a) Foreign currency risk (Continued)

##### **Foreign currency sensitivity analysis**

The following table demonstrates the effect on the company's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

##### b) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

##### *Management of interest rate risk*

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

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**28 FINANCIAL RISK MANAGEMENT (Continued)**

(iii) Market risk (Continued)

**iv) Capital Risk Management**

The objective of the entity's capital risk management is to safeguard the entity's ability to continue as a going concern. The entity capital structure comprises of the following funds:

	2019-2020	2018-2019
	Kshs	Kshs
Revaluation reserve		
Retained earnings	14,559,094	-
Capital fund	54,683,900	-
<b>Total funds</b>	<b>69,242,994</b>	<b>-</b>
Total borrowings	-	-
Less: cash and bank balances	(2,476,101)	-
Net debt/(excess cash and cash equivalents)	0	-
<b>Gearing</b>	<b>0%</b>	<b>0%</b>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 29. RELATED PARTY BALANCES

#### Nature of related party relationships

Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

#### Government of Kenya

The Government of Kenya is the principal shareholder of MTVC holding 100% of MTVC equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. Other related parties include:

- i) The National Government;
- ii) The Parent Ministry;
- iii) Key management;
- iv) Board of governors

### 30. SEGMENT INFORMATION

*Mabera Technical and Vocational College*

### 31. DEFERRED TAX LIABILITY

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%.

### 32. EVENTS AFTER THE REPORTING PERIOD

MTVC received fourth quarter capitation of Kshs.877,500 on 3<sup>rd</sup> July 2020.

### 33. ULTIMATE AND HOLDING ENTITY

The entity is an educational institution under the Ministry of education. Its ultimate parent is the Government of Kenya.

### 34. CURRENCY

The financial statements are presented in Kenya Shillings (Kshs).





## APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
N/A	N/A	N/A	N/A	N/A

### Guidance Notes:

- Use the same reference numbers as contained in the external audit report;
- Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

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APPENDIX II: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized				Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific
Mawego TTI	12/21/May, 11 June 2020	Recurrent	2,205,400	-	-	-	-	-
Ng-cdf-Karia West	07/10/2019	Development	3,000,000	-	-	-	-	-
<b>Total</b>			5,205,400	-	-	-	-	-
								2,205,400
								3,000,000

